
OLR Bill Analysis

sHB 5464

AN ACT PROHIBITING STATE CONTRACTS WITH ENTITIES MAKING CERTAIN INVESTMENTS IN IRAN.

SUMMARY:

This bill requires the Department of Administrative Services (DAS) to post on its website, by January 2, 2013, a list of entities that have invested \$20 million or more in Iran's energy or financial sectors (see COMMENT). It is unclear whether this refers to current investments. The bill prohibits DAS from issuing or renewing a prequalification certificate to, or state agencies from contracting with, any entity that DAS places on the list. Under the bill, an entity is a person, partnership, corporation, or limited liability company.

The bill allows DAS, in compiling the list, to use the list developed under New York's Iran Divestment Act of 2012. DAS must notify entities in writing, by December 1, 2012, that they may be placed on the initial list. If an entity does not respond within 30 days (see COMMENT) or fails to demonstrate that it is not subject to the contracting prohibition, it must be placed on the initial list.

The bill requires DAS to update the list at least quarterly. In doing so, it must provide the same 30 days' written notice and opportunity to respond to any entity that it intends to include on an updated list.

The prequalification and contracting prohibitions remain in effect unless the Office of Foreign Assets Control and the U.S. Treasury remove all sanctions on Iran, at which point they become void and DAS must remove the list from its website.

EFFECTIVE DATE: October 1, 2012

COMMENT

Conflict with Federal Law

The federal Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (P.L. 111-195) allows state and local governments to divest or prohibit the investment of assets in certain entities that do business with or invest in Iran's energy sector. However, the federal act does not refer to Iran's financial sector. Additionally, the federal act requires state and local governments to give such entities 90 days' notice before taking such actions. The bill requires only 30 days' notice.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable

Yea 15 Nay 0 (03/29/2012)